

VZCZCXRO1227
RR RUEHCHI RUEHCN RUEHDT RUEHHM
DE RUEHJA #0775 1090220
ZNR UUUUU ZZH
R 180220Z APR 08
FM AMEMBASSY JAKARTA
TO RUEHC/SECSTATE WASHDC 8731
INFO RUEHZS/ASEAN COLLECTIVE
RUEHGP/AMEMBASSY SINGAPORE 6296
RUCPDO/DEPT OF COMMERCE WASHINGTON DC
RUEANHA/FAA NATIONAL HQ WASHINGTON DC
RHMFIUU/TSA HQ WASHINGTON DC

UNCLAS JAKARTA 000775

SIPDIS

SIPDIS
SENSITIVE

DEPT FOR EAP/MTS, EB/A/TRA/DL AND EEB/IFD/ODF-DWILLIAMS
DEPT PASS FAA HQ
DEPT PASS TSA HQ
DEPT PASS EX-IM - JABRAMSON, ECIAMPA
DEPT PASS COMMERCE - A/S CPADILLA
SINGAPORE FOR FAA-MWALSH, TSA-ASAHAGIAN, COAST GUARD-PPURGANAN

E.O. 12958: N/A

TAGS: [BEXP](#) [ELTN](#) [EFIN](#) [EAIR](#) [EWWT](#) [ECON](#) [PGOV](#) [ID](#)

SUBJECT: Indonesian Transportation Minister Positive on GE Bid,
Civair Law and Working with USG

REF: A)JAKARTA 00691, B)2007 JAKARTA 00990

¶1. (U) Summary. On April 16, 2008, Ambassador Hume met with Minister of Transportation Jusman Syafii Djamal and Director General of Rail Wendy Aritenang Yazid to advocate on behalf of General Electric's (GE) potential bid for a \$55 million locomotives contract. Djamal was generally positive towards GE and its position versus competitors. On the issue of airplane repossessions, he indicated an improved process once Indonesia completes revision of its civil aviation law. Djamal praised the Federal Aviation Administration (FAA), Transportation Safety Administration (TSA) and U.S. Coast Guard (USCG) for their work on Indonesian air and seaport safety and security issues. End Summary.

¶2. (SBU) Ambassador Hume told Djamal GE was a strong competitor in terms of its product, including local manufacturing partnerships that would result in jobs for Indonesians. He said he was committed to getting USG financing to help GE compete on price. Djamal said GE representatives had met with him to discuss their product and Export-Import Bank's (Ex-Im) letter of interest for financing the deal. After GE corrected misconceptions associated with the use of the term "soft loan" to describe the Ex-Im financing package, he said GE was in a better position to compete. Djamal named China as GE's competition and added, "People prefer the American product." He characterized Chinese negotiating practice as setting a low price initially, but ultimately charging a higher price.

¶3. (U) Ambassador Hume thanked Djamal for the Ministry's cooperation last month in deregistering planes leased by U.S. companies to failing Indonesian airline Adam Air (reftel A). Djamal said over the next months Indonesia would revise its civil aviation law. He implied the revisions would include aspects related to the Cape Town Treaty, an international treaty that attempts to standardize the transactions of movable property, particularly aircraft and aircraft engines. Indonesia ratified the Treaty in April 2007, but there remain some questions about implementation of the Treaty among interested parties.

¶4. (SBU) About the USG's dealings with the Ministry of Transportation, Djamal said, "It's a good relationship." He said in discussions with European Union (EU) representatives, he used the FAA as an example of how the countries should work together on air safety. He said when the FAA downgraded Indonesia to category 2 status (reftel B), the U.S. Ambassador met with him and told him

"straight" what Indonesia had to do to improve. He said the EU has yet to provide specific requirements that Indonesia must meet to lift their ban on Indonesian airlines. Djamal thanked Ambassador Hume specifically for USCG's and TSA's work with the Ministry on security at seaports and the Bali airport respectively.

HUME